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SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
Interim Report 2007

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Section I. Important Notice

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management of the SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the Company) warrant that this report does not contain any false or misleading statements or omit any material facts and all information set forth herein are true, accurate and complete.

None of the directors, supervisors, senior management demonstrated uncertainty or disagreement about the truthfulness, accuracy, and completeness of this interim report.

Name list of absent directors from the meeting

Name of absent director	Reason of absence	Name of assignee
Shao Zhihe	Business trip	Guo Hongzhuang
Xu Zhenhan	Business trip	Liu Ying
Li QiuSheng	Personnel affair	No

Mr. Shao Zhihe, person in charge of the Company, Mr. Guo Hongzhuang, person in charge of Accounting Work, and Mr. Chen Jincai, person in charge of Accounting Organ hereby confirm that the Financial Report enclosed in the Interim Report is true and complete.

The financial report 2007 of the Company contained herein has not been audited.

The Report is written in both English and Chinese. In case of any discrepancy between the two versions, Chinese version prevails.

Section II. Company Profile

1. Legal Name of the Company
   In Chinese: 深圳经济特区房地产（集团）股份有限公司
   In English: SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
   Abbr. in Chinese: 深房集团
   Abbr. in English: SPG
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Forms of A Stock: SHENSHENFANG A Stock Code: 000029
   Short Forms of B Stock: SHENSHENFANG B Stock Code: 200029
3. Registered Address: 47/F, SPG Plaza, No. 3005, Renmin South Road, Shenzhen
   Office Address: 46/F-48/F, SPG Plaza, No. 3005, Renmin South Road, Shenzhen
   Postal Code: 518001
   E-mail: spg@163.net
4. Legal Representative: Shao Zhihe
5. Secretary of the Board: Chen Ji
   Securities Affairs Representative: Fen Hongwei
   Tel.: (0755) 82293000-4718, 4715
   Fax: (0755) 82294024
   E-mail: spg@163.net
6. Newspapers for Disclosing the Information: China Securities Journal and Ta Kung Pao
   Internet Website Designated by CSRC: http://www.cninfo.com.cn
   The Place Where the semi-annual Report is Prepared and Placed: Rm 4703, 47/F of SPG Plaza, No. 3005, Renmin South Road, Shenzhen
7. Other Information of the Company
   Business scope of the Company: real estate development and sales of commercial housing, property lease and management, decoration and installation of buildings, retails and trade of commodity, hotel and cater services.
   Initial registration date: Jan. 8, 1980

Registration place: Shenzhen Administration for Industry and Commerce
Registration number of Business License: 4403011002426
Registration number of Taxation: 440301192179585
Name and address of Certified Public Accountant engaged by the Company:
Name: Shenzhen Nanfang Minhe Certified Public Accountants
Address: 8/F, Electronics Tech. Bldg., No. 2007, Shennan Middle Road, Shenzhen

(II) Major financial data and index

1.

	At the end of this report period	At the end of the last year		Increase/decrease at the end of this report period compared with the year-begin（％）	
		Before the adjustment	After the adjustment	Before the adjustment	After the adjustment
Total assets	2,565,548,771.73	2,391,441,694.13	2,384,845,276.50	7.28%	7.58%
Owners' equity (or shareholders' equity)	1,124,670,032.64	1,093,956,870.51	1,117,925,512.16	2.81%	0.60%
Net assets per share	1.1117	1.08130	1.1050	2.81%	0.61%
	In the report period	At the same period of last year		Increase/decrease in this report period compared with the same period of last year (%)	
		Before the adjustment	After the adjustment	Before the adjustment	After the adjustment
Operating profit	16,219,920.15	12,230,105.61	13,895,350.65	32.62%	16.73%
Total profit	14,023,452.21	7,770,327.94	9,435,572.98	80.47%	48.62%
Net profit	9,782,925.15	7,349,856.13	9,015,101.17	33.10%	8.52%
Net profit after deducting non-recurring gains and losses	-15,393,230.43	12,158,308.12	13,124,878.84	-226.61%	-217.28%
Basic EPS	0.00970	0.00730	0.00890	32.88%	8.99%
Diluted EPS	0.00970	0.00730	0.00890	32.88%	8.99%
Return on equity	0.87%	0.67%	0.81%	0.20%	0.06%
Net cash flow arising from operating activities	-93,548,397.35	235,826,415.59		-139.67%	
Net cash flows per share arising from operating activities	-0.0925	0.2331		-139.68%	

Items of non-recurring gains and losses that had been deducted included investment income amounting to RMB 27,576,623.52, non-operating income of RMB 22,662.73, non-operating expense of RMB -2,423,130.67, and all these gains and losses totaled to RMB25,176,155.58.

2. Difference between PRC GAAP and IFRS

Unit: RMB Yuan

	PRC GAAP	IFRS
Net profit	9,783,000.00	28,238,000.00
Net assets	1,124,670,000.00	1,060,665，000.00
Explanation of the difference	In accordance with IFRS, items that there is certain influence on increase of net profit included: 1. Switching back of depreciation and amortization charges of invested property amounting to RMB 15554000; and 2. Goodwill arising from acquisition of subsidiaries RMB 2901000. while items that there is certain influence on decrease of net profit included: 1. Switching back of depreciation and amortization charges of invested property amounting to RMB 149483000, 2. Timing difference in recognition of expenses accrued in previous year amounting to RMB -12844000, 3. Difference in recognition of cost of fixed assets, workshop and equipment amounting to RMB 202148000, and Goodwill arising from acquisition of subsidiaries amounting to RMB 1504000.	

Section III. Change of Share Capital and Particulars of Shareholders

(I) Changes in shares

	Before the Change		Increase/Decrease Of the Change (+,-)					After the Change	
	Number of shares	Number of shares	Allotment of new shares	Bonus shares	Capitalization of public reserve	Others	Subtotal	Number of shares	Proportion (%)
I. Shares subject to trading moratorium	622,281,200	61.51%				-1,850	-1,850	622,279,350	61.51%
1. Share held by the State									
2. Shares held by state-owned legal person	622,273,800	61.51%						622,273,800	61.51%
3. Shares held by other domestic investors	7,400					-1,850	-1,850	5,550	
Of which: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	7,400					-1,850	-1,850	5,550	
4. Shares held by foreign investors									
Of which: Shares held by foreign legal persons									
Shares held by foreign natural persons									
II. shares not subject to moratorium	389,378,800	38.49%				1,850	1,850	389,380,650	38.49%
1. RMB ordinary shares	269,378,800	26.63%				1,850	1,850	269,380,650	26.63%
2.. Domestically listed foreign shares	120,000,000	11.86%						120,000,000	11.86%
3. Overseas listed foreign shares									
4. Other									
III. Total shares	1,011,660,000	100.00%						1,011,660,000	100.00%

(II) Changes on shares held by the shareholders

1. Ended June 30, 2007, only one shareholder holding over 5% shares of the Company, namely Shenzhen Investment Holding Co., Ltd. holds 622,273,800 shares subject to trading moratorium, and 33,546,349 shares not subject to trading moratorium. During the report period, the said company reduced 17,036,651 shares in total, whose holding shares of the Company did not be pledged mortgaged or custodied.

2. Number of shares held by the top ten shareholders and the top ten shareholders holding shares not subject to moratorium

Unit: share

Total number of shareholders					102,387
Particulars about shares held by the top ten shareholders					
Full name of Shareholder	**Type of shares**	**Proportion (%)**	**Total number of shares held**	**Number of shares subject to moratorium**	**Share pledged or frozen**
SHENZHEN INVESTMENT HOLDINGS CO. LTD.	State-owned legal person	64.83%	655,820,149	622,273,800	0
Bank of China – Jiashi Hushen 300 Index Securities Investment Fund	Domestic non-state-owned legal person	0.12%	1,257,911	0	0
SU YANQIN	Domestic natural person	0.11%	1,095,896	0	0
Agriculture Bank of China	Domestic	0.11%	1,019,194	0	0

Dacheng Hushen 300 Index Securities Investment Fund	non-state-owned legal person				
Nanjing Yuxuan Technology Co., Ltd.	Domestic non-state-owned legal person	0.08%	790,000	0	0
LAI,KONG SUNG	Foreign natural person	0.07%	766,800	0	0
CHU KOON YUK	Foreign natural person	0.07%	720,000	0	0
CHEN KANGLIANG	Foreign natural person	0.07%	683,417	0	0
HU YANFEN	Foreign natural person	0.06%	600,600	0	0
ORE BURNS(AUSTRALIA)PTY.LIMITED	Foreign natural person	0.06%	600,000	0	0

Particulars about shares held by the top ten shareholders not subject to trading moratorium		
Name of shareholders	**Number of shares subject to trading moratorium held**	**Type of shares**
SHENZHEN INVESTMENT HOLDINGS CO. LTD.	33,546,349	RMB ordinary share
Bank of China – Jiashi Hushen 300 Index Securities Investment Fund	1,257,911	RMB ordinary share
SU YANQIN	1,095,896	RMB ordinary share
Agriculture Bank of China Dacheng Hushen 300 Index Securities Investment Fund	1,019,194	RMB ordinary share
Nanjing Yuxuan Technology Co., Ltd.	790,000	RMB ordinary share
LAI,KONG SUNG	766,800	Domestically listed foreign shares
CHU KOON YUK	720,000	Domestically listed foreign shares
CHEN KANGLIANG	683,417	Domestically listed foreign shares
HU YANFEN	600,600	Domestically listed foreign shares
ORE BURNS(AUSTRALIA)PTY.LIMITED	600,000	Domestically listed foreign shares
Explanation on associated relationship among the above shareholders or consistent action	Unknown	

3. Controlling shareholder of the Company:
During the report period, the Company's controlling shareholder remained unchanged.

Section IV. Particulars about Directors, Supervisors and Senior Management

(I) Changes in shares of the Company held by directors, supervisors and senior management
During the report period, the Company's shares held by directors, supervisors and senior management remained unchanged, only Shao Zhihe, the Chairman of the Board, holds 7400 shares of the Company.
(II) Reengaging and dismission of directors, supervisors and senior management
During the report period, the Company's directors, supervisors and senior management remained unchanged.

Section V. Discussion and Analysis of Management

(I) Overall operations status of the Company in the first half year
1. The Company belongs to real estate industry and is engaged in the development of real estate and sales of commercial house, lease and management of property, construction decoration and installation, retail and trade of commodities and hotel and caters services. In 2007, The uncertain influence from macro-control of real estate is main factor that the Company's operation environment gets direct impact, the Company will persist in market and benefit as guidance, in line with the guideline of "tamping foundation, standardizing management and slow not where we may quick", take to enlarge scale of main operation,

perfect management and control system, convert operation mechanism and intensify implementation enforce as keys, deeply develop the activity of "development of management year", further enhance the competition capacity of the Company, strive to achieve the system innovation and new breakthrough of operation performance, which set a new aspect for SPG Group into the good roll development.

2. Explanation on operation result

Unit: RMB Yuan

Items	Jan. – Jun. 2007	Jan. – Jun 2006	Increase/decrease	%
I. Total operating revenue	**202,970,890.31**	**397,522,303.05**	**-194,551,412.74**	**-48.94**
Income from main operation	200,363,846.53	394,394,675.78	-194,030,829.25	-49.20
Other operating income	2,607,043.78	3,127,627.27	-520,583.49	-16.64
II. Total operating cost	**214,644,183.68**	**384,943,523.12**	**-170,299,339.44**	**-44.24**
Cost of main operation	158,065,008.14	300,974,764.11	-142,909,755.97	-47.48
Other operating cost	2,215,012.17	2,234,468.65	-19,456.48	-0.87
Business tax and extra	10,175,321.45	16,747,382.26	-6,572,060.81	-39.24
Sales expenses	4,122,584.68	10,117,494.31	-5,994,909.63	-59.25
Administrative expense	38,694,283.84	43,439,840.66	-4,745,556.82	-10.92
Financial expense	1,371,973.40	11,429,573.13	-10,057,599.73	-88.00
Add: income from change in fair value	66,590.00	966,570.72	-899,980.72	-93.11
Investment income	27,826,623.52	350,000.00	27,476,623.52	7850.46
III. Operating profit	**16,219,920.15**	**13,895,350.65**	**2,324,569.50**	16.73
Add: non-operating income	226,662.73	221,949.14	4,713.59	2.12
Less: non-operating expense	2,423,130.67	4,681,726.81	-2,258,596.14	-48.24
IV. Total profit	**14,023,452.21**	**9,435,572.98**	**4,587,879.23**	**48.62**
Less: income tax expense	3,615,975.04	230,787.00	3,385,188.04	1466.80
V. Net profit	**10,407,477.17**	**9,204,785.98**	**1,202,691.19**	**13.07**
Net profit attributable to owner of parent company	9,782,925.15	9,015,101.17	767,823.98	8.52
Gains and losses of minority shareholders	624,552.02	189,684.81	434,867.21	229.26

Main reason for change in operation achievements

(1) For the first half year 2007, the Company realized net profit of RMB 9.7829 million, an increase of RMB 0.7678 million with up 8.52% compared with RMB 9.0151 million realized in the same period of last year; achieved operating profit amounting to RMB 16.22 million, an increase of RMB 2.32 million with up 16.69% compared with RMB 13.90 million achieved in the same period of last year, which was mainly because of increase of investment income by a big margin in the current period. The investment income for this period is as follows:

Items	Jun. 30, 2007
Net income from transferring equity of Shenzhen Bafangtong Railway Storage and Transportation Co., Ltd. *1	16,366,000.00
Net income from transferring equity of Shenyang Tongxin Real Estate Development Co., Ltd. *2	11,210,623.52
Dividend from Yunnan Kunpeng Airline Service Co., Ltd.	250,000.00
Total	**27,826,623.52**

*1: On Feb. 16, 2007, 100% equity of Shenzhen Bafangtong Railway Storage and Transportation Co., Ltd. was auctioned publicly by Shenzhen Union Auction Co., Ltd., which accepted entrustment from arbitration tribunal of China International Economic and Trade Arbitration Commission, HIHC bade RMB 91 million for such equity. The Company holds 35% equity of Shenzhen Bafangtong Railway Storage and Transportation Co., Ltd.; thus, the Company can gain RMB 31.85 million at proportion of share held. After deducting investment cost and the relevant expense to such company, the Company obtained net earnings of RMB 16.366 million in fact.

*2: On Nov. 23, 2005, as judged by Intermediate People’s Court of Shenzhen with the civil judgement of (2005) SZFZ Zi No. 737, 93.1% equity of Shenyang Tongxin held by Xinfeng Company would be auctioned, and has been auctioned at RMB 89.2 million on Jan. 22, 2006. Ended Dec. 31, 2006, the transfer procedure of 93.1% equity of Shenyang Tongxin held by Xinfeng Company is under handling. In this report period, the Company has transacted the relevant procedures, corresponding, carried forward the balance into investment income amounting to RMB 11.21 million.

(2) Income from main operation decreased by 49.2% over the same period of last year which was mainly because that no new buildings were sold by parent company in the report period, and sale income from real estates was mainly from sale revenue of villas built by Shantou Hualin Corporation. Sale income from the following industries such as lease industry, properties management industry, construction & installation industry, as well as tourism, hotel and meals service increased a few compared with the same period of last year.
(3) Sale expense decreased by 59.25% over the same period of last year, which was mainly due to decrease of consignment commission charge of buildings, sale advertising and service fees, employee benefits and welfare of salespersons, repair fee and transportation and etc.
(4) Administrative expense decreased by 10.92% compared with the same period of last year which was mainly due to decrease of employee benefits and welfare, social insurance, business trip allowances and Intermediary organs.
(5) Financial expense decreased by 88% compared with the same period of last year, which was mainly because that amount of interests capitalization was larger than the amount in same period of last year.
(6) Net cash flow arising from operating activities has decreased by a big margin, which was mainly because that cash received from selling commodities and providing labor services decreased year-on-year (decrease of sale income), while cash paid for purchasing commodities and receiving labor service increased year-on-year (increase of inventories).

3. Operation status on main operations of the Company classified at industries and products

Unit: RMB’0000

Main operations classified according to industry						
Industries	Operating revenues	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenues compared with the last year (%)	Increase or decrease of operating cost compared with the last year (%)	Increase or decrease of gross profit ratio compared with the last year (%)
Development and operation real estate	5,334.78	3,279.46	38.53%	-73.20%	-75.39%	16.57%
Other real estate industry	2,517.55	1,955.53	22.32%	7.90%	32.32%	-39.10%
Fitment and Decoration	6,615.57	6,282.52	5.03%	19.97%	17.49%	66.36%
Property Management	3,357.16	2,744.48	18.25%	3.26%	5.76%	-9.59%
Other	2,211.32	1,544.50	30.15%	-68.60%	-76.39%	324.00%
Main operations classified according to product						

Residence	5,334.78	3,279.46	38.53%	-73.20%	-75.39%	16.57%

Income from real estates development decreased by 73.20% over the same period of last year which was mainly because that no new buildings were sold by parent company in the report period, and sale income from real estates was mainly from sale revenue of villas built by Shantou Hualin Corporation.

(II) Explanation on analysis of financial status

Unit: RMB'0000

Items	Amount at the period-end	Amount at the year-begin	Increase/decrease	Proportion of increase/decrease
Total assets	175,226,662.73	65,221,949.14	110,004,713.59	168.66
Total owner's equity	350,226,662.73	130,221,949.14	220,004,713.59	168.95
Accounts in advance	48,716,667.01	33,661,145.90	15,055,521.11	44.73
Inventories	925,670,282.85	669,999,887.44	255,670,395.41	38.16
Long-term accounts payable	18,439,351.65	82,545,764.62	-64,106,412.97	-77.66
Accounts receivable in advance	523,301,146.47	299,796,980.54	223,504,165.93	74.55
Employee's salary payable	39,264,456.02	56,997,274.85	-17,732,818.83	-31.11
Tax payable	-1,186,075.17	4,255,050.58	-5,441,125.75	-127.87
Retained profit	-988,702,911.38	-998,485,836.53	9,782,925.15	0.98

Main reason for change in financial status:

(1) Increase of total assets was mainly due to increase of development cost of real estate listed in inventory.

(2) Change in owner's equity was mainly because that the Company realized net profit in this report period.

(3) Decrease of long-term accounts payable was mainly because that the Company carried forward debt of equity of Shenyang Tongxin Corporation.

(4) Increase of accounts in advance was mainly because of increase of building accounts receivable in advance from Shantou Hualin Company and Guangzhou Huangpu Company and increase of engineering payment receivable in advance from Zhentong Company.

(5) Decrease of Employee's salary payable was mainly because that the Company paid compensation withdrawn in last year to those employees without labor contract relationship with the Company.

(6) Decrease of tax payable was mainly due to VAT and income tax paid in advance.

(7) Increase of retained profit was mainly because that the Company realized net profit in this report period.

(III) Problems and difficulties in operation

(1) The operation of auxiliary industry is hard, the profit capability still need to strengthen. This year, the profit capability of enterprises under the Company has improved, but still stayed in the situation of low-interest in the whole, especially such enterprises as the construction of project and hotel, their competition ability and self-development ability await further upgrade.

(2) The limited resource reserve and the smaller development scale, Owing to the lack of land reserve, the on-building project is on the low side. For this reason, the Company was finding new land reserve.

(IV) Investments in the report period

1. In the report period, the Company raised no proceeds through share offering and there existed no such situation that the application of proceeds raised through share offering before

the report period continued to the report period.

2. Processing of projects invested by significant non-raised capital:

Name of project	Investment amount as of report period (RMB'0000)	Progress of project
Whampoa Garden (the 2nd phase)	1498.00	To continue perfect ending work of such engineering
Star Lake Garden 3#	285.11	Completed substructure project of building
Shantou Jinye Island International Garden	5758.07	The 11th phase project, chamber, sight virescence and municipal road engineering has entered into the construction phase
Di Jing Ming Garden of East Lake	516.68	Completed prophase preparation work
Total	8,057.86	-

(V) Operating plan in the second half year of 2007

The Company emphasized the following works in the second half year of 2007: firstly, to ensure construction of Shenzhen Longfeng village; secondly ,to enhance investment in 11 Block of Shantou Jinye Island, and continually promote sales of the 6th, 7th and 8th phase of Shantou Jinye Island; thirdly, to strength the building lease so as to ensure to complete all-year operating plan; fourthly, performed management control system in real earnest, promote the Company's management level and operation efficiency; and fifthly, to actively seek the land hive and investment project in order to create the conditions for continuable development of real estate.

Section VI. Significant events

(I) Corporate government

During the report period, the Company standardized its operation in accordance with the requirements of Company Law, Securities Law, Administrative Rules for Listed Companies and Stock Listing Rules of Shenzhen Stock Exchange and other laws and regulations. In the light of the requirements of standardization documents related with corporate government of listed companies issued by CSRC, the Company continuously perfected its corporate governance and established modern enterprise system to standardize its operation. In accordance with relevant laws, administrative rules, department regulations and other provisions, as well as combining actual situation of the Company, the Company amended and set down such standardization systems as Work System for Independent Director, Management System for Information Disclosure, Internal Reporting System for Significant Events and Administrative System for Investor Relationship. Meanwhile, according to the relevant requirements of the Notice on the Matters concerning Carrying out a Special Campaign to Strengthen the Corporate Governance of Listed Company promulgated by CSRC, the Company made the self-inspection to its historical evolution, standardization operation, internal control and independent, transparence as well as corporate governance, and established the corresponding corrective plan.

(II) Profit distribution of the Company

The Company had neither profit distribution, nor carry out capitalization of public reserve, nor events of implementing profit distribution, capitalization of public reserve and listing new shares in the report period planed in pervious year.

(III) Material lawsuits and arbitrations

The Company's material lawsuits and arbitrations occurred in pervious year deferred to the report period, please refers to note 28 of financial statement.

(IV) The Company had no significant acquisition, sale of assets and assets reorganization in the report period.

(V) Related transaction

Related transaction and related current of credit and debt of the Company refer to note 26 in financial statement.

(VI) Guarantees

Unit: RMB'0000

Particulars about External Guarantees (excluding guarantees for shareholding subsidiaries)						
Name of Warrantee	**Date of occurrence**	**Amount of guarantee (RMB'0000)**	**Type of guarantee**	**Term of guarantee**	**Accomplished implementation or not**	**Guaranteed for related parties or not**
Naught	Jun. 30, 2007	0.00	Naught	Naught	Yes	No
Total guarantee occurred in the report term		0.00				
Total balance in the report term (A)		0.00				
Guarantees for shareholding subsidiaries by the Company						
Total guarantee provided to the controlled subsidiaries in the report term		0.00				
Total balance of guarantee provided to the controlled subsidiaries in the report term (B)		2,600.00				
Total guarantee amount of the Company (including guarantees for shareholding subsidiaries)						
Total amount of guarantee（A+B）		2,600.00				
The proportion of the total amount of guarantee in the net assets of the Company		2.31%				
Among which:						
Amount of guarantee provided for the shareholder, actual controller and other related parties（C）		0.00				
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%（D）		0.00				
Proportion of total amount of guarantee in net assets of the Company exceeded 50%（E）		0.00				
Total amount of the above three guarantees*（C+D+E）		2,600.00				

The Company belonged to the real estate industry, in accordance with the relevant regulations of People's Bank of China, property developers must provide mortgage loan guarantee for buyers. At present, the Company provided staggered joint guarantee for the buyers with the guarantee term from date of bank loan to date of mortgage bank preparing Real Estate Ownership Certificate for the buyers. In case of the buyers did not perform debtor's responsibility within the aforesaid guarantee period, the Company was entitled to take back the properties sold, thus, the said guarantee is unable to bring any loss to the Company. As at the period-end, the Company has provided the aforesaid guarantee amounting to RMB 29.4564 million.

(VII) Occupation of capital

The controlling shareholder and its subsidiary did not occupied capital of the Company.

(VIII) Important contracts and implementation

1. In the report period, the Company has no significant custody, contract and lease of other companies and vice visa occurred in the report period or occurred in previous period and lasted in the report period.

2. In the report period, the Company has no entrusted custody of cash assets, nor such events occurred in previous year but deferred to the report period

(IX) Commitments made by the Company or the shareholders holding over 5% (including 5%) of shares of the Company

During the share merger reform of the Company, Shenzhen Investment Holding Co., Ltd.

made the following commitments:
No trading or transferring within 12 months since the date the Share Merger Reform Plan was implemented; after the expiration of the aforesaid provision, the proportion in the total shares of the Company taken up by the originally nontradable shares sold through listing and trading at Stock Exchange would not exceed five percent within 12 months, and not exceed ten percent within 24 months.
On Feb. 26, 2007, the Company's 50,583,000 shares subject to trading moratorium were lifted from moratorium according to commitments.

X. Securities investment

Unit: RMB Yuan

Securities variety	Securities code	Short form of securities	Amount of initial investment (RMB)	Number of share held (share)	Book value at period-end (RMB)	Proportion in total securities investment at period-end (%)	Profits or losses in the report period (RMB)
Stock	601328	Bank of Communication	31,000.00	4,000.00	43,960.00	33.81%	12,960.00
Stock	002137	Shiyida	5,150.00	500.00	23,595.00	18.15%	18,445.00
Stock	601998	CITIC Industrial Bank	11,000.00	2,000.00	18,400.00	14.15%	7,400.00
Stock	601919	COSCO	8,480.00	1,000.00	18,260.00	14.04%	9,780.00
Stock	002128	OPENCUT COAL INDUSTRY	4,900.00	500.00	18,050.00	13.88%	13,150.00
Stock	002129	ZHONGHUAN	2,905.00	500.00	7,760.00	5.97%	4,855.00
Other securities investment held at the period-end			0.00	-	0.00	-	0.00
Profits or losses of securities sold in the report period			-	-	-	-	-
Total			64,635.00	-	130,025.00	-	66,590.00

XI. Particular about reception, investigation, communication, interview, etc. in the report period

Time	Venue	Manner	Visitor	Content
Mar. 9, 2007	Office of the Company	Communication by telephone	Individual investor	The current operation situation without providing any materials
Apr. 3, 2007	Office of the Company	Communication by telephone	Individual investor	The current operation situation without providing any materials
Apr. 12, 2007	Office of the Company	Communication by telephone	Individual investor	Enquired stock price of the Company without providing any materials
Jun. 5, 2007	Office of the Company	Communication by telephone	Individual investor	Enquired stock price of the Company without providing any materials
Jun. 15, 2007	Office of the Company	Communication by telephone	Individual investor	Discussed present real estate market and operation of the Company without providing any materials

Section VII. Financial Report (Un-audited)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Notes	01/01-30/06/2007	01/01-30/06/2006
		RMB'000	RMB'000
Turnover	4	190, 189	377, 647
Cost of sales		(142,512)	(309,336)
Gross (loss) / profit		47,677	68,311
Other operating income		1,639	6,303
Write back of provision for impairment losses of properties under development for sale		--	--
General and administrative expenses		(41,117)	(30,055)
Operating expenses		(4,122)	(10,117)
Profit / (loss) from operations	5	4,077	34,442
Finance cost	6	(2,392)	(16,617)
Share of profit of non-consolidated subsidiaries, associated companies, and contractual joint ventures		30,794	1,320
Profit/(Loss) before taxation		32,479	19,145
Taxation	7	(3,616)	(231)
Profit/(Loss) after taxation		28,863	18,914
Minority interests		(625)	(190)
Net profit/(loss) for the period		28,238	18,724
Earnings per share			
Basic	8	RMB0.028	RMB0.019
Diluted	8	N/A	N/A

The notes on pages 5 to25form part of these financial statements.

DIRECTOR DIRECTOR

CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2007
(UNAUDITED)

	Notes	30/06/2007 RMB'000	31/12/2006 RMB'000
ASSETS			
Non-current assets			
Property, plant & equipment	9	68,492	69,231
Investment properties	10	685,610	682,899
Non-consolidated subsidiaries	11	--	110,723
Associates	12	19,251	31,376
Contractual joint ventures	13	70,683	70,683
Long term investments	14	10,184	10,184
Intangible assets	15	--	4
		854,220	975,100
Current assets			
Properties under development for sale	16	783,686	492,459
Completed properties for sale	17	95,301	139,462
Inventories	18	47,051	22,420
Short term investments	19	130	--
Accounts receivable		20,885	14,623
Prepayments, deposits and other debtors		205,770	165,248
Cash and bank balances		494,602	461,311
		1,647,426	1,295,523
Current liabilities			
Customers' deposits		523,301	285,510
Accounts payable and accrued expenses		472,526	601,298
Tax payable	20	(1,084)	4,577
Bank loans	22	261,400	275,425
		1,256,143	1,166,810
Net current liabilities		391,283	128,713
Total assets less current liabilities		1,245,503	1,103,813
Non-current liabilities	21	(196,919)	(85,796)
Minority interests		12,081	17,449
NET ASSETS		1,060,665	1,035,466
CAPITAL AND RESERVES			
Issued capital	23	1,011,660	1,011,660
Reserves		49,005	23,806
		1, 060, 665	1, 035, 466

The notes on pages 5 to 25form part of these financial statements.

DIRECTOR	DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Notes	1/1-30/6/2007	1/1-30/6 /2006
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rendering of services		342,633	565,553
Other cash received relating to operating activities		60,470	263,631
Cash paid for goods and services		(317,851)	(213,008)
Cash paid to and on behalf of employees		(39,541)	(38,923)
Payments of all types of taxes		(32,412)	(35,989)
Cash paid relating to other operating activities		(82,184)	(243,076)
Interest paid		(9,201)	(15,637)
Net cash inflows from operating activities		(78,086)	282,551
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		31,850	3
Cash received from dividend and interest		100	100
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		98	137
Other cash received relating to investing activities		--	--
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,865)	(718)
Cash paid to acquire investments		--	--
Cash paid relating to other investing activities		--	--
Net cash outflows (inflows) from investing activities		29,183	(478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		235,726	165,371
Other cash received relating to financing activities		--	--
Cash repayments of amounts borrowed		(140,025)	(190,437)
Cash paid relating to other financing activities		--	(1,225)
Net cash outflows from financing activities		95,701	(26,291)
NET INCREASE IN CASH AND CASH EQUIVALENTS		46,798	255,782
Cash and cash equivalents at the beginning of the period		422,399	210,968
Cash and cash equivalents at the end of the period	24	469,197	466,750

The notes on pages 5 to25form part of these financial statements.

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD

DIRECTOR	DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Share capital	Capital reserve	Cumulative translation reserve	General reserve	Staff welfare fund	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at Jan 01,2006	1,011,660	686,308	31,154	3,317	115,594	(872,362)	975,671
Net Profit/(Loss) for the period	--	--	--	--	--	18,724	18,724
Others	--	--	7	--	--	--	7
Balance at Jun 30, 2006	1,011,660	686,308	31,161	3,317	115,594	(853,638)	994,402
Balance at Jan 01, 2007	1,011,660	686,308	48,880	118,911	--	(830,293)	1,035,466
Net profit/(loss) for the period	--	--	--	--	--	28,238	28,238
Others	--	--	(3,039)	--	--	--	(3,039)
Balance at Jun 30,2007	1,011,660	686,308	45,841	118,911	--	(802,055)	1,060,665

PRC laws and regulations require PRC companies to provide statutory reserves. Statutory reserve is appropriated of 10% from net profits after taxation as reported in the financial statements prepared under the Accounting Standards for Business Enterprises of PRC. Provision for the statutory reserve ceases when the accumulated general reserve amounts to 50% of the issued capital. All statutory reserves are for specific purposes and are not distributed in the form of cash dividends.

Based on the corporation law implemented in China on January 1st, 2006,the company has not provided staff welfare this year.

The Company declares dividends based on the lower of net profit after appropriation to reserves as reported in the financial statements prepared under the Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises in PRC and as reported in the financial statements prepared under IFRS. For six months to June 30, 2006, the directors have not declared any dividends to its shareholders.

The notes on pages 5 to 25form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

GENERAL

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the "Company") was incorporated in January 1980 in the People's Republic of China (the "PRC") and was reorganized as a joint stock limited company in July 1993. A and B shares were issued by the Company on September 15, 1993 and January 10, 1994 respectively.

In 2005, this company original major stockholder -- Shenzhen Constructs Investment Holding company to set up Shenzhen with other two cities property management consolidation of corporation to Investment Shareholding Limited Company. This issue of consolidated has been authorized and the registration changing has been done at 15th of Feb 2006.
This period, this company entered the stockholder's rights minute to set at the reform procedure, the reform plan main point is: This company only non- circulation stock shareholder to circulates A share of shareholder to have 10 to circulate A every time to pay 4.8 to the price stock; And to this corporate management level implementation stockholder's rights drive plan. It has been authorized by State-owned Assets Supervision and Administration Commission of ShenZhen Municipal Government, and has been passed though 'A market shareholder's minute set at the reform related shareholder conference' of this company, implements in February 16, 2006. Only this company's management level stockholder's rights in drove the plan the detailed plan still at formulates at present.

The Company and its subsidiaries (the "Group") are principally engaged in property development, investment and management, hotel operations, construction, fitting-out, equipment installation and maintenance, retail operations and trading.

BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board under the historical cost basis except for the revaluation of investment properties. The accounting policies adopted by the Company under IFRS differ from the accounting policies used in the financial statements of the Group which were prepared in accordance with Accounting Standards for Enterprise Business and Accounting Systems for Enterprise Business in the PRC. Adjustments to restate the results of operations and the net assets in compliance with IFRS will not be taken up in the accounting books of the companies in the Group. Details of impacts of such adjustments on the net assets as at 30 June 2006and net profit for the year then ended are included in note 29 to the financial statements.

PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The results of operations of subsidiaries are included in the consolidated income statement and the share attributable to minority interests is excluded from the consolidated net profit. All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of subsidiaries:

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

*For acquisitions before January 1, 2001, positive goodwill is eliminated against reserves.

*For acquisitions on or after January 1, 2001, positive goodwill is amortized on a straight-line basis over its estimated useful life. Positive goodwill is stated in Consolidated Balance Sheet at cost less any accumulated amortization and any impairment losses.

*On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortized through the Consolidated Income Statement or which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less provision, if necessary, for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Subsidiaries not consolidated

In the consolidated balance sheet the unconsolidated subsidiaries are recorded at cost and adjusted thereafter for post acquisition change in the Group's share of net assets of the subsidiaries. The consolidated income statement reflects the Group's share of the results of operations of the subsidiaries.

Investments in subsidiaries excluded from consolidation are stated at cost less provision for any impairment losses and the results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is a company over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The consolidated income statement includes the Group's share of the post-acquisition results of associates for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associates plus the unamortized goodwill less capital reserves on acquisition of the associates.

In the Company's balance sheet the investment in associates are stated at cost less provision, if necessary, for impairment losses.

3 PRINCIPAL ACCOUNTING POLICIES – (continued)

Contractual joint ventures

A contractual joint venture is a venture which operates under a contractual agreement whereby the Group or Company and at least one other party undertake an economic activity which is subject to control and none of the parties involved unilaterally has control over the economic activity.

The consolidated income statement includes the Group’s share of the post-acquisition results of its contractual joint venture for the year. In the consolidated balance sheet, interests in contractual joint venture are accounted under the equity method and are stated at cost, less goodwill, and adjusted for the post acquisition change in the Group’s share of the contractual joint venture’s net assets.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, bank balances and time deposits within three months of maturity when acquired.

Property, plant & equipment

Property, plant & equipment except investment properties is stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the asset. When an asset is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss account.

Depreciation is provided to write off the cost of property, plant & equipment over their estimated useful lives on a straight-line basis. Estimated useful lives are summarized as follows:

Land use rights and buildings in the PRC	25 – 30 years
Plant and machinery	7 years
Motor vehicles	6 years

Furniture, fixtures and office equipment	5 years

Construction-in-progress represents plant and properties under construction and includes the costs of construction plus interest charges arising from borrowings used to finance the construction during the construction period. No depreciation is provided for construction-in-progress until they are completed and put in use.

3 PRINCIPAL ACCOUNTING POLICIES – (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.
Investment properties are stated at their fair value based on independent professional valuations or directors' valuations at the balance sheet date. Any gain or loss arising from a change in the fair value of investment property should be included in the income statement. Gains or losses arising from the retirement or disposal of investment property should be determined as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognized as an income or expense in the income statement.

Impairment of assets

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Completed properties and properties under development

Completed properties and properties under development held for sale are stated at the lower of cost and net realizable value. Cost includes the cost of land, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy and other attributable expenses. Net realizable value is determined by the management based on prevailing market conditions.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in first out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Long-term investments

Long-term investments where the Group is not in a position to exercise significant influence or exert control are stated at cost less provision for impairment losses, where the investment's carrying amount exceeds its estimated recoverable amount.

Short-term investments

Short-term investments are stated in the balance sheet at fair value. Changes in fair value are recognized in the income statement.

Revenue recognition

Turnover comprises (i) proceeds from sales of properties, (ii) revenue from retail sales of merchandise, (iii) revenue from hotel services, (iv) revenue from sales of goods, (v) billings related to construction, fitting-out, equipment installation and maintenance contracts, and (vi) rental income from investment properties.

Income from sales of properties together with the interest earned on deposits from the installment sales of flats are recognized upon the execution of a binding sales agreement or upon the issuance of an occupation permit completion certificate by the relevant authority, whichever is the later. Deposits received from forward sales of properties are carried in the balance sheet under current liabilities.

Installment sales of developed properties are recognized to the extent that installments are received or become due under the relevant sales contracts.

Revenue from hotel services, property management services and taxi services is recognized when the services are rendered.

Revenue from the sale of goods, other than merchandise, is recognized upon delivery of the goods to customers and entitlement to the sales consideration is obtained.

Profit from construction, fitting-out, equipment installation and maintenance contracts, which are mainly short-term in nature, is recognized under the completed-contract method, whereby billings and costs are accumulated and deferred, together with the related profit, until completion of the work.

Rental income, including rental invoiced in advance from properties under operating leases, is recognized on a straight-line basis over the terms of the relevant leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

3 PRINCIPAL ACCOUNTING POLICIES – (continued)

Retirement benefit costs

In accordance with local government regulations, the Group is required to make contributions to a retirement insurance fund which is administered by the local social security bureau in accordance with government regulations. The amount of contributions is determined at a fixed percentage of the basic salaries of the Group’s existing PRC staff.

Retirement benefits are paid directly from the fund and are calculated based upon a retired employee’s basic monthly salary and their number of years’ service.

The amount charged to the income statement represents the amount of contribution payable to the scheme by the Group.

Deferred income tax

Deferred taxation is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. It is recognized in the financial statements to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Intangible assets

Intangible assets represent the cost of acquisition of taxi licenses and computer software and are stated at cost less amortization and provision, if any, for impairment losses. Amortization is provided to write off the cost of taxi licenses over the license period granted by relevant authorities, namely 10 years, by equal installments. Amortization is provided to write off the cost of computer software over 5 years.

Foreign currency translation

Foreign currency transactions are converted at exchange rates ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising in these transactions are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries maintained in foreign currencies are translated at exchange rates ruling on the balance sheet date. Exchange difference arising on consolidation, if any, are dealt with in reserves.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization.

All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

3 PRINCIPAL ACCOUNTING POLICIES – (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is organized into five major operating divisions – property, retailing and trading, transportation and catering services, construction technical support and others. The divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property	-	construction and development, sales, leasing and management of properties
Retailing and trading	-	sale of general merchandise
Transportation and catering service	-	hotel and resaurant operation and provision of taxi services
Construction technical support	-	construction, fitting out and equipment installation and maintenance
Others	-	corporate financing, etc.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS – (continued)

The Group's business is principally conducted in the People's Republic of China (PRC) with its turnover for the year ended June 30, 2007 identified by geographical segments as follows:

	1/1-30/6/2007	1/1-30/6/2006
	RMB'000	RMB'000
PRC	189,830	352,101
Overseas	359	25,546
	190,189	377,647

Segment information about these businesses for the year ended June 30, 2007 is presented below:

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1/1-30/6/2007	49,593	--	52,789	63,941	23,866	190,189

1/1-30/6/2006	206,148	59,067	52,080	55,142	5,210	377,647

5. LOSS FROM OPERATIONS

	1/1-30/6/2007	1/1-30/6/2006
	RMB' 000	RMB'000

Loss from operations is stated after crediting and charging the following:

Crediting:		
Interest income	1, 020	5, 188
Rental income	25,176	23,331
Gain on disposal of fixed assets	74	28
Charging:		
Depreciation	2,083	6,447
Amortization	423	315
Staff costs	18,457	38,923

6. FINANCE COSTS

	1/1-30/6/2007	1/1-30/6/2006
	RMB' 000	RMB'000
Interest expenses		
- bank borrowings	2,858	16,504

7. TAXATION

	1/1-30/6/2007	1/1-30/6/2006
	RMB' 000	RMB'000
The charge comprises:		
PRC income tax for the year	3,616	231

Domestic income tax is calculated in accordance with applicable income tax regulations and at 15% (2006: 15%) of the estimated assessable profit determined in accordance with the accounting principles and the relevant financial regulations applicable to enterprises in the PRC. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions, details of which are as follows:

2007

2006		
	RMB’ 000	RMB’000
PRC enterprises income tax		
- enterprises in Shenzhen	15%	15%
- enterprises outside Shenzhen	33%	33%
Hong Kong profits tax	17.5%	17.5%
United States corporation income tax	15-59%	15-59%

8. EARNINGS PER SHARE

（a） The calculation of basic earnings per share is based on the consolidated profit of RMB26,733,788.77 (2006:profit of RMB18,724,473.43) and on the 1,011,660,000 shares (2006: 1,011,660,000 shares) in issue during the year.

（b） During the year ended 30 June 2007 and 2006, there were no dilutive potential shares. Fully diluted earnings per share are not disclosed.

FIXED ASSETS

	Land and buildings	Plant and machinery	Motor Vehicles	Office equipment and others	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST						
At January 1, 2007	26,656	31,438	32,454	58,858	--	149,406
Additions	--	2, 166	--	551	--	2,717
Disposal	--	236	--	29	--	265
At June 30, 2007	26,656	33,368	32,454	59,380	--	151,858
DEPRECIATION						
At January 1, 2007	22,454	7,708	25,595	24,286	--	80,043
Charge for the year	2,256	590	205	374	--	3,425

Disposal	--	212	--	21	--	233
At June 30, 2007	24,710	8,086	25,800	24,639	--	83,235
PROVISION FOR DIMINUTION IN VALUE						
At January 1, 2007	--	68	48	15	--	131
At June 30, 2007	--	68	48	15	--	131
NET BOOK VALUE						
At June 30, 2007	1,946	25,214	6,606	34,726	--	68,492
At January 1, 2007	4,202	23,662	6,811	34,557	--	69,231

The Group's leasehold land and buildings including investment properties (note 10) are being held in the People's Republic of China under medium term leases. Certain properties have been pledged as security for the Group's bank borrowings (see note 25).

INVESTMENT PROPERTIES

	30/06/2007	31/12/2006
	RMB'000	RMB' 000
Net book amount at beginning of year	682,899	583,962
Disposal of properties		--
Reclassified from inventories	2,711	10,293
Net book amount at end of year	685,610	594,255

10. INVESTMENT PROPERTIES – (continued)

The investment properties have been revalued as at 30 June 2007 by the directors, and certain investment properties have been pledged as security for the group's bank borrowings (see note 25).

11. SUBSIDIARIES

At June 30, 2007, the Company had interests in the following principal subsidiaries, which were grouped in the consolidated financial statements:

Subsidiaries	Place of establishment/incorporation	Principal activities	equity Interest held Dire	
			%	%
Great Wall Estate Co., Inc.	U.S.A.	Property development	70	--

Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	PRC	Property development, decoration and construction design	100	--
Skill Elite Ltd.	Hong Kong	Corporate financing	--	100
Shenzhen City Shenfang Free Trade Trading Ltd.	PRC	Trading of construction materials	95	5
Shenzhen City Shenfang Investment Ltd.	PRC	Investment and management	90	10
Shenzhen City Car Rental Ltd.	PRC	Car rental	55	45
Beijing fresh peak property development management limited company	PRC	Property development and management	75	25
Barenie Co. Ltd.	Hong Kong	Properties investment	--	80
Openice Ltd.	Hong Kong	Investment holding	20	80

11 SUBSIDIARIES – (continued)

Place of equity
Interest held
Subsidiaries establishment/incorporation Principal activities Dire

Shantou SEZ Wellam Fty Bldg., Dev. Co.	PRC	Factory building, sales and rental	--	82
Xin-Feng Real Estate Dev. Construction (Wuhan) Co. Ltd.	PRC	Real estate management and rental service	--	55
Fresh Peak Investment Ltd.	Hong Kong	Properties investment	--	55
Wellam Ltd.	Hong Kong	Investment holding	--	82
Shenzhen Petrel Hotel Co. Ltd.	PRC	Hotel operations	68	32

Shenzhen City Property Management Ltd.	PRC	Property management	95	5
Shenzhen Zhen Tung Engineering Ltd.	PRC	Fitting-out contracting and maintenance	73	27
Fresh Peak Holdings Ltd.	Hong Kong	Investment, management and consultation	100	--
Fresh Peak Enterprise Ltd.	Hong Kong	Investment holding	82	--
Guangzhou Huangpu Xizun real estate limited company	PRC	Property development and sale	--	100
Keyear Development Ltd.	Hong Kong	Investment holding	--	100
Shenzhen City Wa Gen Construction Management Ltd.	PRC	Construction project management	75	25

The non-consolidated subsidiaries involved have either been terminated or liquidated, are in the process of liquidation or not intended to be held for long term. The Group already made appropriate provision therefore and consequently they have not been consolidated in the Group's financial statements for the year but included as non-consolidated subsidiaries as follows:

	2007 RMB'000	2006 RMB'000
Unlisted Investments, at cost	--	416,574
Share of post-acquisition losses	--	(167,616)
	--	248,958
Less: Provision for impairment losses		(104,835)
	--	144,123
Add: Amounts (due to) / due from non-consolidated subsidiaries	--	(33,400)
	--	110,723

11 SUBSIDIARIES – (continued)

At Dec 31,2006,Details of the non-consolidated subsidiaries are summarized in the following:

Subsidiaries	Place of Establishment/ incorporation	Principal activities	Equity interest held Direct %	Indirect %
Shenzhen City SPG Bao An Development Ltd.	PRC	Property development and sales	95	5

Shenzhen Shenfang Department Store Co. Ltd.	PRC	Commercial goods supplier	95	5
Shenzhen Shenfang Car Park Ltd.	PRC	Develop and operate car park	70	30
Shenzhen Cyber Port Co.,Ltd	PRC	Property investment and information technology consultancy	70	--
Shenzhen Shen Fang Industrial Development Co., Ltd.	PRC	Property management, investment holding	100	__
Shenzhen Real Estate Consolidated Service Co., Ltd.	PRC	Construction material, consume goods	100	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	PRC	Construction and decoration	100	--
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd.	PRC	Manufacturing and trading in cement products	--	90

12. ASSOCIATES

	30/06/2007 RMB'000	31/12/2006 RMB'000
Unlisted investments, at cost	46,685	57,185
Share of post-acquisition losses	(9,129)	(9,129)
	37,556	48,056
Less: Provision for impairment losses	(22,303)	(22,303)
	15,253	25,753
Add: Amounts (due to)/ due from associated companies	(3,998)	(5,623)
	19,251	31,376

At June 30, 2007, the Company had interests in the following principal associated companies:

Associated companies	Place of Establishment/ incorporation	Principal activities	Equity interest held Direct %	Indirect %
Yunnan Kun Peng Aviation Service Ltd.	PRC	Aviation service	25	
Tung Yick Property Co., Ltd.	Hong Kong	Property development	20	
Shenzhen Fresh Peak Real Estate Trading and Revaluation Co. Ltd.	PRC	Property trading agency	30	
Shenzhen City Wing Wah Engineering Ltd.	PRC	Repairs and maintenance of machinery	25	

13. CONTRACTUAL JOINT VENTURES

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Unlisted Investments, at cost	112,225	112,225
Share of post-acquisition profits	914	914
	113,139	113,139
Less: Provision for impairment losses	(42,456))	(42,456)
	70,683	70,683
Add: Amount (due to)/due from contractual joint ventures	--	--

	70,683	70,683

13. CONTRACTUAL JOINT VENTURES (continued)

Particulars of the principal contractual joint ventures are set out as follows:

Contractual Joint venture		Joint venture registered capital ('000)	Group committed capital contribution ('000)	Principal activity	Method of Participation in earnings
Xian Fresh Peak Building Co. Ltd.	30 years from 6 July 1993	RMB20,000	RMB600,000	Construction and sales of properties	All profits after tax and appropriation commercial buildings to statutory reserves are to be used first to repay the capital contributions and interest on capital. Thereafter 67% of net profits.
Jiangmen Xinjian Real Estate Co. Ltd.	10 years from 19 May 1993	US$6,600	US$6,000	Property development	33% of net of Jianmen profits, Xinjian commercial building.
Kunshan Diao Feng Electricity Power Co. Ltd.	20 years from 29 November 1993	US$7,200	US$9,000	Supply of electricity	Profit distributions and appropriation to statutory reserves are to be determined by the board of directors annually.

14 LONG TERM INVESTMENTS

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
PRC legal entity shares, at cost	68,731	68,731
Unlisted equity investments, at cost less provision for diminution in value	(58,547)	(58,547)
	10,184	10,184

15 INTANGIBLE ASSETS

	Computer software	Total
	RMB' 000	RMB' 000
At January 1, 2007	4	4
Amortization for the year	(4)	(4)
At June 30, 2007	--	--

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Cost	930,161	591,350
Less: Provision for impairment losses	(146,475)	(98,891)
	783,686	492,459

Included in properties under development for sale is a piece of land awaiting development held in the United States at a cost of RMB120,488,666.21 against which provision for impairment of RMB98,890,670.42 was made in prior years.

17. COMPLETED PROPERTIES FOR SALE

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Cost	114,174	163,242
Less: Provision for impairment losses	(18,873)	(23,780)
	95,301	139,462

18. INVENTORIES

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Raw materials	3,435	4,084
Work-in-progress	42,173	17,765
Finished goods	1,701	821
Less: Provision for impairment losses	(258)	(258)
Consumables	--	8
	47,051	22,420

19. SHORT-TERM INVESTMENTS

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Listed equity investments, at market value	130	--
	130	--

20. TAX PAYABLE

30/06/2007	31/12/2006

	RMB' 000	RMB'000
Corporation tax	(1,098)	566
Personal income tax	237	265
Business tax	959	2,134
Value added tax	(2,918)	(2,102)
Property tax	1,682	3,158
Land increment tax	74	287
Others	(20)	269
	(1,084)	4,577

21. NON-CURRENT LIABILITIES

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Bank loans (note 22)	175,000	65,000
Other liabilities	21,919	20,796
	196, 919	85, 796

Included in other liabilities was RMB12,210,000 borrowed from minority shareholders of a subsidiary of the Company and the remaining balance is the accruals for property management and maintenance fees. These liabilities are non-interest bearing and do not have fixed terms for repayment.

22. BORROWINGS

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Bank loans		
Secured	395,400	300,425
Guaranteed	26,000	--
Credit	--	40,000
Hypothecation	15,000	--

	436,400	340,425
Bank loans repayable:		
Within one year or on demand	421,400	257,425
In the second year	--	65, 000
In the third to fifth years, inclusive	15, 000	--
	436,400	340, 425
Portion classified as current liabilities	261,400	275,425
Long term portion	175,000	65,000
	436,400	340,425

Particulars of assets which are pledged to secure bank loans and other facilities are set out in note 25. The guarantees are provided by third parties and certain group companies.

23. SHARE CAPITAL

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Registered, issued and paid-in 891,660,000 A shares	891,660	891,660
120,000,000 B shares	120,000	120,000
	1,011,660	1,011,660

'A' shares are issued to Chinese national investors resident in the PRC and 'B' shares are issued to foreign investors. Chinese national investors resident in the PRC are entitled to purchase and sale 'B' shares since June 2001. 'A' and 'B' shares have a par value of RMB 1 per share and rank pari passu.

24. INCREASE IN CASH AND CASH EQUIVALENT

1/1-30/06/2007 1/1- 30/6/2006

RMB' 000 RMB'000

Cash and bank balances	484,280	504,276
Less: deposits secured over 3 months	(15,083)	(37,526)
	469,197	466,750
Effect of foreign exchange rate changes	--	--
Restated cash and cash equivalents	469,197	466,750

25. PLEDGE OF ASSETS

At June, 30 2007, certain of the Group's investment properties, leasehold land and buildings, properties under development and properties held for sale with an aggregate net carrying value of RMB373,288,700,000 and fixed deposits amounting to HKD15,000,000 was pledged to secure loans of RMB 436,400,000 granted to the Group.

26. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

In addition to subsidiaries, associated companies and contractual joint ventures stated in notes 11, 12 and 13 respectively, the following entities have also been defined as related parties with the Group

Nature of relationship

Shenzhen Investment Shareholding Limited Company Ultimate holding company

The following is a summary of the significant transactions with related parties during the year.

Shenzhen Investment Shareholding Limited Company	2006	2007
	RMB' 000	RMB'000
Loan	86,849	79,849

27. CONTINGENT LIABILITIES

	30/06/2007	31/12/2006
	RMB' 000	RMB'000

Guarantee given for banking and credit facilities granted to:

- contractual joint ventures	--	--
- third parties	29,456	38,596
	29,456	38,596

28. LITIGATION AND ARBITRATION

(1)On March 21 1997,the company executed an agreement with Baoxin real Estate Development (Shenzhen)Company limited (called Baoxin below) to sell its share of 68% interest in Guoxin Building at a consideration of RMB145,000,000.In addition, the construction cost for the building of RMB15,000,000 was undertaken by Baoxin. Baoxin has paid a deposit of RMB45, 000,000. But outstanding purchase consideration of RMB100, 000,000 and the construction cost of RMB15, 000,000 have still not been settled while the property right of Guo Xin building has been transferred to Baoxin. So the company lodged a claim. As sentence by the Guangdong High People's Court on September 28 2002, Baoxin should pay the outstanding purchase consideration of RMB 98,948,060 and the interests to the company. Upon a second sued of the case, the outcome remained unchanged and in the favour of the company. Up to December 31 2004, part of outstanding purchase consideration has been received. In 2005, As sentence by the Guangdong High People's Court on July 7 2005. By Guangdong Shanwei urban people's court is responsible executed for this case. Because can't be found property available from executor, so fail to execute this year. For prudence purpose, the company has not recognized any income, cost on the above transaction. The company accounting RMB166, 109,047 of Guoxin Building to other account receivable and deduct RMB68, 720,773.33 in receive in advance account, the balance were to provision for doubtful accounts.

28. LITIGATION AND ARBITRATION- (continued)

(2)A subsidiary, Fresh Peak Holding limited company (called Fresh Peak below),entered into a joint venture agreement with a third party to establish a contractual joint venture, Xian Fresh Peak Estate Commercial limited company (Xian Fresh Peak Estate) in Xian. Its principal activities are the development and management of commercial buildings in Xian. Pursuant to the aforesaid agreement, Fresh Peak hold 84% of Xian Fresh Peak and the third party provide the land for development and hold 16% of Xian Fresh Peak. The development of the commercial building started in November 1995 and suspended in 1996 due to disagreement between Fresh Peak and the third party. In 1997, the Xian government decided to receive the
project and transferred to an enterprise under a department of the Xian government. Xian Fresh Peak then lodged a litigation regarding the compensation. Subsequently, the court judgment in Xian was that 1: the enterprise of the department of Xian government has to pay compensation to Xian Fresh Peak of RMB36, 620,000 plus interest and 2: the development of Xian government is jointly liable for the interest payment. During this year RMB11, 500,000.00 have been received. In May 30 2005, issuance <Warrant of creditor's right> through the Shanxin High People's Court, confirm the two executors still owing RMB21, 540,000.00 of principal and interest to Fresh Peak. The company with

Xian government consults until now.

Up to June 30 2007, RMB24,132,000 was included in long term investment and a provision of RMB20,673,831.77 has been made in account.

29. IMPACT OF IFRS AND OTHER ADJUSTMENTS ON NET LOSS AND SHAREHOLDERS' EQUITY

	Net loss for the period	Net assets
	RMB'000	RMB'000
As reported in the consolidated financial statements prepared in accordance with Accounting Standards for Enterprise Business in the PRC	9,783	1,124,670
Reversal of depreciation charges in respect of investment properties	15,554	149,483
Adjustment for market value of short-term investments	--	--
Expenses accrued in previous year	--	(12,844)
Difference in recognition of cost of fixed assets	--	(202,148)
Goodwill arising from acquisition of subsidiaries	2,901	1,504
Others	--	--
As reported in the consolidated financial statements prepared in accordance with IFRS	28,238	1,060,665

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current half a year's presentation.

Section VIII. Documents Available for Reference

(I) Interim Report 2007 with the signature of the Chairman of the Board;

(II) Financial Report with signatures and seals of the legal representative, person in charge of accounting work and person in charge of accounting organ;

(III) Originals of all documents publicly disclosed in the newspapers China Securities Journal and Ta Kung Pao designated by CSRC in the report period;

(IV) Articles of Association of the Company.

Board of Directors of
SHENZHEN Special Economic Zone
Real Estate & Properties (Group) Co., Ltd
Aug. 23, 2007